

IMPORTANT INFORMATION ABOUT ZONE SCHEDULES

This zone schedule is being made available pursuant to 15 CFR 400.44(e), which states: “The Board shall make copies of zone schedules available on its Web site.”

Availability of this zone schedule on the FTZ Board’s website does not imply that the FTZ Board has approved any rate/charge, policy or other content of this zone schedule. In particular, while the FTZ Board staff intends to conduct spot checks over time, zone schedules are not reviewed for compliance with the public utility requirement (19 U.S.C. 81n, 15 CFR 400.42) prior to making the zone schedules available via the Board’s website.

Pursuant to 15 CFR 400.44(b)(4), a grantee may not assess any specific rate or charge for which the amount – or formula for calculating the amount – does not appear in the zone schedule that the grantee has submitted to the FTZ Board.

Complaints about a grantee’s compliance with statutory and regulatory requirements related to public utility and uniform treatment – including rate or charge amounts/formulas, a grantee assessing a rate or charge amount/formula that does not appear in its zone schedule, and a grantee not affording uniform treatment under like conditions – may be presented to the FTZ Board under 15 CFR 400.45 (which also allows for complaints to be made on a confidential basis, if necessary).

Questions or concerns may be addressed to the FTZ Board staff at (202) 482-2862 or ftz@trade.gov.

FOREIGN-TRADE ZONE NO. 51
ZONE SCHEDULE NO. 3

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TITLE PAGE

**DULUTH SEAWAY PORT AUTHORITY
GRANTEE, FTZ No. 51**

**ZONE SCHEDULE NO. 3
CHARGES, RATES, RULES AND REGULATIONS**

**APPLICABLE AT
FOREIGN-TRADE ZONE NO. 51
DULUTH, MINNESOTA**

**OPERATING UNDER GRANT OF AUTHORITY
OF THE UNITED STATES FOREIGN-TRADE ZONES BOARD**

TO THE

Duluth Seaway Port Authority

**ISSUED
April 26, 2017**

**ISSUED BY
Duluth Seaway Port Authority
Foreign-Trade Zone #51 Grantee
1200 Port Terminal Drive
Duluth, Minnesota 55802**

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ADMINISTRATION PAGE

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ABBREVIATIONS AND SYMBOLS

¢	Cents (US)	Incl.	Inclusive
\$	Dollars (US)	K.D.	Knocked Down
%	Percent	Lbs	Pounds
Art.	Article	LCL	Less-Than-Carload
B.M.	Board Measure	LTL	Less-Than-Truckload
Bbl	Barrel	No.	Number
Bdle.	Bundle	N.O.S.	Not Otherwise Specified
B/L	Bill of Lading	NPF	Non-Privileged Foreign
Bx.	Box	NSPF	Not Specifically Provided For
CBPF	Customs & Border Protection Form	Par.	Paragraph
CFR	Code of Federal Regulations	Pc.	Piece
C/L	Carload	PF	Privileged Foreign
Cl.	Coil	Pkg.	Package
COD	Cash on Delivery	Qt.	Quart
Crt.	Crate	Sec.	Section
Cs	Case	Sq. Ft.	Square Feet or Square Foot
Ctn.	Carton	SU	Set Up
Cu. Ft.	Cubic Feet or Cubic Foot	T/L	Truckload
Cwt	100 Pounds	U.S.	United States
Doz.	Dozen	Yd.	Yard
Ea.	Each	ZR	Zone Restricted
E.g.	For Example		
Etc.	Et Cetera		
F.F.	Folded Flat		
FTZ	Foreign-Trade Zone		
Gal	Gallon		
HTSUSA	Harmonized Tariff Schedule of the United States Annotated		

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PLAN OF ZONE SCHEDULE

<u>Section Number</u>	<u>Subject</u>
	Definitions and Privileges of Foreign-Trade Zones
	Definition of Terms
	Description of Foreign-Trade Zone No. 51
I	Application of Rates, Rules and Regulations
II	Operation of Zone
III	General Rules and Regulations
IV	Special Rules Pertaining to Merchandise
V	Miscellaneous Services
VI	Leased Space
VII	Zone Fees

SYMBOLS USED TO INDICATE CHANGE IN ZONE SCHEDULE

A	Addition
R	Reduction
I	Increase
^	Change in wording, which results in neither increase nor reduction in charges

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DEFINITIONS & PRIVILEGES OF FOREIGN-TRADE ZONES

ITEM NO.

001 Definitions & Privileges of Foreign-Trade Zones

Under 15 CFR Part 400, Regulations governing the establishment, operations, maintenance, and administration of foreign-trade zones in the United States, the term “zone” means a “foreign-trade zone”. A foreign-trade zone is a designated site licensed by the Foreign-Trade Zones (FTZ) Board at which special customs procedures may be used. These procedures allow domestic activity involving foreign items to take place prior to formal customs entry. Duty-free treatment is accorded items that are re-exported and duty payment is deferred on items sold in the U.S. market, thus offsetting customs advantages available to overseas producers who compete with producers located in the United States. Subzones are special-purpose zones, usually at manufacturing plants. A site which has been granted zone status may not be used for zone activity until the site has been separately approved for FTZ activation by local U.S. Customs and Border Protection (CBP) officials, and the zone activity remains under the supervision of CBP. FTZ sites and facilities remain within the jurisdiction of local, state or federal governments or agencies.

The FTZ Act authorizes the handling of merchandise brought into a zone as described in 19 USC 81c.

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Act - The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998-1003; 19 USC. 81a-81u), as amended by Public Law 566, 81st Congress, approved June 17, 1950 and all lawful amendments.

Activation – Approval by the grantee and the U.S. Customs and Border Protection Port Director permitting operations to begin which allow the admission and handling of merchandise in Zone status.

Admission To Zone - The physical arrival of goods into a Zone in a specified Zone status with the appropriate approvals of the Zone Grantee and the U.S. Customs and Border Protection. The term “admission” is used instead of “entry” to avoid confusion with Customs entry processes under Parts 141-144 of the CBP Regulations.

Alteration – A change in the boundaries of an activated Zone or Subzone; activation of a separate site of an already-activated Zone or Subzone with the same operator at the same port; or the relocation of an already-activated site with the same operator.

Alternative Site Framework (“ASF”) – An optional approach to designation and management of zone sites allowing greater flexibility and responsiveness to serve single-operator/user locations.

Audit-Inspection Procedures – Procedures that are designed to meet the requirements of the U.S. Customs and Border Protection Regulations (T.D. 86-16) for Audit-Inspection Procedures in Foreign-Trade Zones. Under the Regulations, the Operator maintains the inventory records. U.S. Customs and Border Protection is relieved of the duty of actually keeping the records, but maintains assurance of the systems accuracy by selective examinations of merchandise, and spot checks and audits of Zone facilities.

Authority – The Duluth Seaway Port Authority

Board - The Foreign-Trade Zones Board (FTZB), created by the Act to carry out provisions thereof. The Board consists of the Secretary of Commerce, who is the chairman and executive officer, and the Secretary of the Treasury, or their designated alternates. The Foreign-Trade Zones Board Staff is responsible for administering the FTZ program on behalf of the FTZB. The Executive Secretary of the FTZB Staff represents the Board in administrative, regulatory, operational, and public affairs matters. The Executive Secretary serves as the director of the

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staff which is situated in the U.S. Department of Commerce within Enforcement and Compliance.

Bulk - The term used in describing fungibles, which can be poured, scooped or shoveled and which generally cannot be counted or identified piece by piece.

Constructive Transfer - A legal fiction that permits acceptance of a Customs entry for merchandise in a [foreign-trade] zone before its physical transfer to the Customs territory. If the entry is thereafter rejected or cancelled, the merchandise will be considered at that time to be constructively transferred back into the zone in its previous zone status.

Control Number/Admission Number – see Zone Control Number/Admission Number.

CBP Form 214 - Application for Foreign-Trade Zone Admission and/or Status Designation, is used as an application for zone status and to admit merchandise into the zone. The CBPF 214-A is the statistical copy of the CBPF 214 that is used for Bureau of Census reporting requirements unless electronic submission of statistical information to the Bureau of Census via e-214 filing is being utilized. The electronic filing of the CBPF 214 data directly to CBP is referred to as e-214 filing. The electronic version of the CBPF 214 may be referred to as CBPF e-214 or “e-214”.

CBP Form 216 - Application for Foreign-Trade Zone Activity Permit, is used as an application and permit for the manipulation, manufacture, exhibition or destruction of merchandise within a Foreign-Trade Zone. A blanket, yearly CBPF 216 may be used.

Customs Territory - The territory of the U.S. in which the general tariff laws of the U.S. apply. “Customs territory of the United States” includes only the States, the District of Columbia, and Puerto Rico.

Domestic Exports - Domestic merchandise exported from the United States, and particularly such merchandise exported through a foreign-trade zone. Domestic exports include merchandise of every description (except articles specifically and absolutely prohibited by statute) that has been (i) grown, produced or manufactured in the United States, and not exported therefrom, or (ii) previously imported into Customs territory and properly released from CBP custody.

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For purposes of marking and labeling, domestic exports include (i) the product of manipulation or manufacture in the Zone in which only domestic merchandise is used, (ii) the product of manipulation or manufacture in the Zone in which there is a mixture of foreign and domestic merchandise which results in a change in form or nature of the commodities, and in which the domestic merchandise consists of a component part of parts or a substantial portion of the finished product, and (iii) foreign merchandise which by manipulation or manufacture in the Zone has been so changed in form and nature or enhanced in value that the product is deemed to be one of domestic manufacture.

Domestic Status Merchandise (D) - Merchandise that has been (i) grown, produced or manufactured in the U.S. and not exported therefrom, (ii) previously entered into the commerce of the United States as duty and tax free, or (iii) previously imported into Customs territory and properly released from CBP custody. This means imported merchandise on which all necessary duties and taxes, if applicable, have been paid, and upon which no drawback has been claimed, is considered domestic merchandise when admitted to a foreign-trade zone. No application or permit is required for the manipulation, manufacture, exhibition, destruction, or transfer to Customs territory of domestic status merchandise (including packing and repair materials) except when it is mixed or combined with merchandise in another zone status or upon order of the Commissioner of CBP. All domestic status merchandise in a zone must be accounted for under the procedures of 19 CFR Part 146 Subpart B.

Executive Director – The Executive Director of the Authority.

Exhibition - Upon application pursuant to section 19 CFR 146.52 and approval by the port director of CBP, the showing of merchandise in the zone is permitted. This application and approval may be submitted and obtained on a case-by-case basis or blanket basis.

Foreign Exports - Foreign exports (re-exports) are commodities of foreign origin which have entered the United States for consumption or into CBP bonded warehouses or U.S. Foreign Trade Zones, and which are in substantially the same condition as when imported.

Foreign Status Merchandise - Imported merchandise, which has not been released from CBP custody into the Customs territory of the United States. This means imported merchandise upon which duty and taxes, if applicable, have not been collected.

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Foreign-Trade Zone Forms - Forms used in the transaction of Foreign-Trade Zone business are designated by the U.S. Customs & Border Protection. As such, these forms may be completed by the Zone User (person of record), its duly assigned Customs Broker, or the Operator. The Foreign-Trade Zone forms utilized by FTZ #51 are as follows:

CBP Form 214 - Application for Foreign-Trade Zone Admission and/or Status Designation (electronic submission of the CBPF 214 data is referred to as an *e*-CBPF 214 or *e*-214)

CBP Form 216 - Application for Foreign-Trade Zone Activity Permit

Freight Ton – The greater measure of a Metric Ton or a Measurement Ton.

Fungible Merchandise - Merchandise that for commercial purposes is identical and interchangeable in all situations. In an FTZ, fungible merchandise may be identified by an inventory method authorized by CBP, which is consistently applied, such as First-In-First-Out (FIFO) and using a unique identifier.

General-Purpose Zone – A multi-use zone designed for use by multiple Users engaged in multiple activities that may include storage, distribution, testing, repackaging and repair. Manufacturing may take place in a general-purpose zone with prior permission by the Foreign-Trade Zones Board.

Grantee - A Grantee is a public or private corporation to which the privilege of establishing, operating, or maintaining a foreign-trade zone has been given. The privileges of establishing, operating, and maintaining Foreign-Trade Zone #51 have been granted to the Duluth Seaway Port Authority.

Imports - Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into the Customs territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into the Customs territory through the zone. A distinction is made between such imports into the commerce of the United States and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction within the zones, is said to be "imported" into foreign-trade zones, CBP bonded warehouses, or CBP custody. This latter merchandise, in relation to operations of the zones, is considered to be

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foreign merchandise until its entry into the Commerce of the United States.

In-bond - A CBP program that provides for transporting cargo (other than explosives and merchandise, the importation of which is prohibited) via bonded carrier from one port to another under a Customs bond.

Imported merchandise, including that imported in mail shipments, being transported to and from foreign-trade zones through the Customs territory must be transported in bond under the provisions of 19 CFR Parts 18, 112, and 125. (19 CFR 146.11 and 144.37(g)). Domestic goods transported to a zone or goods removed from a zone comprised wholly of domestic status products need not be transported in bond.

In-Transit Merchandise - The term "in-transit merchandise" includes all foreign merchandise transported into and out of the United States, whether in and out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the time of the original shipment to another foreign country.

Its distinctive feature is that it is being transported from one foreign country through the United States to another foreign country under a through bill of lading or other documentation for a completed journey. The term is particularly applied to foreign merchandise shipped in-transit through a foreign-trade zone.

Inventory Control System - A system of inventory control, manual or automated, based on records maintained by an Operator or User rather than by the U.S. Customs & Border Protection. An operator shall maintain the inventory control and recordkeeping system of the zone in accordance with the provisions of 19 CFR Part 146. An operator shall maintain either manual or automated inventory control and recordkeeping systems or a combination of manual and automated systems.

Lease - A document or agreement entered into between the Operator and User for assignment of space within Foreign-Trade Zone No. 51.

Magnet Site - A site intended to serve or attract multiple operators or users under the ASF.

Manipulation - As defined in Section 562 of the Tariff Act, processing wherein merchandise

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is packed, unpacked, repacked, cleaned, sorted, graded or otherwise changed in condition. The precise distinction between manipulation and manufacturing is subject to interpretation and has been the subject of a long history of case law.

Manufacturing - As defined by the Foreign-Trade Zones Board Regulations, manufacturing means activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use. U.S. Customs & Border Protection determines what constitutes manufacturing on a case-by-case basis, distinguishing it from other operations such as manipulation, processing, production, and blending. The Foreign-Trade Zones Board definition is much broader and the agency requires that specific prior authorization be obtained for manufacturing operations in the activated zone.

Measurement Ton - Ton based on a measurement of 1 cubic meter.

Metric Ton - 1,000 kilograms or approximately 2204.62 avoirdupois pounds.

Non-Privileged Foreign Status Merchandise (NPF) – Foreign merchandise subject to tariff classification according to its character, condition and quantity as constructively transferred to Customs territory at the time the entry or entry summary is filed with U.S. Customs & Border Protection. In other words, a status of merchandise for tariff purposes that provides for classification and appraisalment in accordance with the condition of merchandise when constructively transferred to the Customs territory of the United States. In a zone, NPF merchandise may be changed to Privileged Foreign (PF) before any processing has occurred, at the option of the zone user and with approval by CBP. Waste recovered from any manipulation or manufacture of PF or NPF merchandise in a zone has NPF status. NPF status is usually selected when the duty rate of the finished product is lower than the duty rate of the imported foreign components in a manufacturing environment. Domestic merchandise in a zone which by reason of noncompliance with the CBP Regulations has lost its identity as domestic status merchandise will be treated as non-privileged foreign merchandise.

Open or Yard Storage - The keeping of merchandise not requiring weather protection on open space within the fenced area of the Foreign-Trade Zone.

Operator – An Operator is a person or public or private entity that operates a zone under the terms of an agreement with the Grantee with permission from U.S. Customs & Border Protection.

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Person Of Record - The person, firm or corporation in whose name the Application to Admit Merchandise into the zone (CBPF-214) is made, recognized by the Zone Grantee, Operator and the U.S. Customs & Border Protection as having legal right to make the application. Evidence of this right of the applicant is the same as would be required to establish the right to apply for release of the merchandise from CBP custody at the end of its transit through the Customs territory. Such evidence usually consists of an original bill of lading in the name of the applicant, an original bill of lading endorsed to him or a carrier's certificate, or a copy of Power of Attorney when parties other than the owner are conducting business, such as a customs broker, company or corporate official, etc.

Port Director of CBP - The Port Director of U.S. Customs & Border Protection, Duluth, Minnesota.

Privileged Foreign Merchandise (PF) - Foreign Merchandise subject to tariff classification according to its character, condition and quantity at the rate of duty and tax in force on the date of filing the CBPF 214. In other words, a status that, upon proper application and approval anytime preceding manufacture or manipulation within a zone, is granted to an imported input, allowing the zone user the privilege of treating the input, for tariff purposes, as remaining in its original condition at the time of admission to the zone. Once established, Privileged Foreign Status cannot be changed except in the case of recoverable waste (see 19 CFR § 146.42). If merchandise has already been admitted into the zone in Non-Privileged Foreign Status, Privileged Foreign Status may be obtained by filing a CBPF 214. Application for this status, however, must be filed prior to manipulation or manufacture.

Admitted merchandise subject to AD/CVD (antidumping or countervailing duties) must be placed in PF status. Merchandise in PF status or composed in part of PF status may not be entered for warehousing from a zone and cannot be placed on a TIB upon removal from the zone. Classification of merchandise subject to a tariff-rate import quota will be made only at the higher non-quota duty rate in effect on the date PF status was granted. Mandatory PF status may be imposed by the FTZ Board as a form to grant restriction to prevent the inverted tariff benefit.

Production - As defined by the Foreign-Trade Zones Board Regulations, means activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use, or activity involving a change in the condition of the article

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which results in a change in the customs classification of the article or in its eligibility for entry for consumption.

Quantity - The numerical count of the units composing a shipment of a commodity except bulk commodities which must be measured by weight, size or gallonage.

Re-exports or Re-shipments - Merchandise from one foreign country initially destined to the United States which, after being unladen, stored and/or manipulated or manufactured in this country, is transported under a new bill of lading or other new documentation to another foreign country. The term is particularly applied to re-exports or reshipments through a Foreign-Trade Zone.

It includes privileged, non-privileged, or zone restricted foreign merchandise which: (1) is in the same condition as when transported into the United States, or (2) has been manipulated without any change in its form or nature, or (3) has been manipulated or processed in such manner as to change its form, whether or not mixed with domestic merchandise, provided the domestic merchandise is not a component part or substantial ingredient thereof. Generally, it includes all merchandise of foreign origin, which has not been so manipulated or manufactured as to be deemed a product of the United States, and which has not been released from CBP custody into the Customs territory.

Resident Representative - The role of the Port Director of CBP as the on-site representative of the Foreign-Trade Zones Board in its dealings with any foreign-trade zone within the Port Director's scope of jurisdiction.

Secretary - The Secretary of Commerce.

Storage - Keeping of merchandise in or upon the premises within the foreign-trade zone. Covered storage is within a covered and enclosed structure affording weather protection. The term "storage", without other designation, ordinarily implies covered storage.

Subzone - A site (or group of sites) established for a specific use. The term "zone" also applies to a Subzone, unless specified otherwise.

Ton - Weight ton of 2,000 pounds, unless otherwise indicated.

Transfer - To take merchandise with zone status from a zone for consumption,

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FOREIGN-TRADE ZONE NO. 51
ZONE SCHEDULE NO. 3

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DEFINITION OF TERMS

ITEM NO.

005 Definition of Terms

transportation, exportation, warehousing, cartage or lighterage, vessel supplies and equipment, admission to another zone, and like purposes.

Transshipment Merchandise - Foreign merchandise which enters and leaves the United States through the same port, being transferred from one vessel to another directly or by way of a foreign-trade zone or CBP bonded warehouse. The term is particularly applied to such merchandise transferred through a foreign-trade zone.

Unique Identifier Number (UIN) - The numbers, letters, or combination of numbers and letters that identify merchandise admitted to a zone with zone status.

Unit of Quantity - The customary groupings of a commodity as a unit to indicate the medium or method of measure. The unit of quantity in zone records will be consistent with those annotated in the Harmonized Tariff Schedule of the United States.

United States - The several States, District of Columbia and Puerto Rico. The term "United States" includes all territories and possessions of the United States, except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam.

Usage-Driven Site – A site tied to a single operator or user under the ASF.

User – A party using a zone under a User Agreement with the Operator.

User Agreement – An agreement executed between the Operator and a subzone user or user of general-purpose zone space or within a magnet site. Prior to activation of the site, the user agreement will be executed and will outline the amount of annual fees, which the zone user will pay to the Operator.

Warehouse - A covered and enclosed structure, affording weather protection, used primarily for short or long term storage of merchandise, and often containing business offices. In a foreign-trade zone it also is used for manipulation, manufacture, and exhibition of merchandise.

Weight - The gross weight of the merchandise including container, except as noted to the contrary.

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005 Definition of Terms

Zone - The term "Zone" refers to a foreign-trade zone and/or Foreign-Trade Zone No. 51.

Zone Administrator - The Administrator of Foreign-Trade Zone No. 51 also referred to as "Administrator" as appointed by the Grantee.

Zone Control Number or Admission Number – a unique and sequential number assigned for numbering shipments admitted to a zone under Section 146.32(a), as amended, of the CBP Regulations; a sequentially numbered system for each CBPF 214, which serves as the unique identifier for each admission of merchandise at the FTZ.

Zone Lot – A collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted to the Zone by lot.

Zone Project – the Zone plan, including all of the Zone and Subzone sites that the Board authorizes a single Grantee to establish.

Zone-Restricted Merchandise (ZR) - Merchandise taken into a zone for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage may be given zone-restricted status on proper application. ZR status can be requested at any time that the merchandise is located in the zone but cannot be abandoned once granted. Merchandise in zone-restricted status may not be removed to Customs territory for domestic consumption except where the FTZ Board determines the return to be in the public interest.

Merchandise may be considered exported, for CBP or other purposes (i.e., for drawback purposes or to close out a TIB), upon its admission to a zone in zone-restricted status. No-tax paid alcoholic beverages and tobacco products can be admitted to a zone only in ZR status. Merchandise entered into a bonded warehouse for storage and transferred to a zone (other than temporarily for manipulation and returned to Customs territory as provided for in 19 CFR § 146.33) will have ZR status when admitted into the zone. Merchandise that has been placed in a bonded warehouse for a purpose other than entry for warehouse (such as general order or under seizure) may be admitted to a zone in any eligible status.

Zone Site – the physical location of a Zone or Subzone.

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Zone Status - The legal status of merchandise, which has been admitted to a foreign-trade zone, thereby becoming subject to the provisions of the FTZ Act. Four types of zone status are established under the FTZ Act, which determines how the merchandise will be handled in the zone and treated upon its transfer to the Customs territory. (*Privileged Foreign, Non-Privileged Foreign, Domestic and Zone Restricted Status Merchandise.*)

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**FOREIGN-TRADE ZONE NO. 51
ZONE SCHEDULE NO. 3**

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DESCRIPTION OF FOREIGN-TRADE ZONE NO. 51

ITEM NO.

010 Description of Foreign-Trade Zone No. 51

Foreign-Trade Zone No. 51 was established pursuant to a Grant issued by the Foreign-Trade Zones Board, U.S. Department of Commerce, Washington, D.C., on November 27, 1979, to the Duluth Seaway Port Authority.

The Duluth Seaway Port Authority is a body politic and corporate organized under Minnesota Statutes, Chapter 469.

The Port Authority is governed by a board of seven commissioners, two of whom are appointed by the Governor of Minnesota, two by the St. Louis County Board of Commissioners, and three by the City Council of the City of Duluth for terms of six years.

The Zone is established under the authority granted to Port Authorities by the State of Minnesota, Minnesota Statutes Section 469.059, subdivision 14. Under the provisions of that legislation, the agency may assume the operating and management responsibility of the Foreign-Trade Zone and the responsibility for providing continuing staff assistance. The Duluth Seaway Port Authority operates the Zone as open to all who apply on a first-come first-served basis on equal terms, giving it full administrative and logistical support.

Entrance is by way of Port Terminal Drive which intersects with Interstate Highway 535 immediately adjacent to the Zone.

Foreign merchandise may be transferred between the Zone and any U.S. airport, seaport, bonded warehouse or other Foreign-Trade Zone by bonded transportation carriers and pursuant to U.S. Customs and Border Protection rules and regulations, thereby maintaining the foreign identity of the merchandise.

Air transportation is available at the Duluth International Airport, located approximately six miles from the Foreign-Trade Zone. The Airport has 10,000 foot runways and can accommodate any cargo or passenger aircraft.

Highway networks are readily accessible. Major roads such as U.S. 53, U.S. 2, and Interstate Highway 35 interconnect near the Zone.

The Port of Duluth is served by four major railroads: the Burlington Northern Santa Fe; Canadian Pacific, Canadian National, and Union Pacific.

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ITEM NO.

010 Description of Foreign-Trade Zone No. 51

Foreign-Trade Zone No. 51 was reorganized under the Alternative Site Framework (“ASF”) on May 6, 2011 with an ASF service area of Carlton County and portions of Itasca, Lake, and St. Louis Counties, Minnesota. See Exhibit A.

Copies of this Zone Schedule are on file with the Foreign-Trade Zones Board, Washington, D.C., the State of Minnesota Department of Commerce and are available at the office of Foreign-Trade Zone No. 51.

Additional information may be obtained by visiting or contacting the Zone:

Kate Ferguson, Foreign-Trade Zone Administrator
Duluth Seaway Port Authority
1200 Port Terminal Drive
Duluth, MN 55802
Tel: (218) 727-8525

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**FOREIGN-TRADE ZONE NO. 51
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SECTION I – APPLICATION OF RATES, RULES AND REGULATIONS

ITEM NO.	SUBJECT	DESCRIPTION
100	Zone Schedule Authority	This Zone Schedule is published pursuant to a Grant issued by the Foreign-Trade Zones Board, U.S. Department of Commerce, Washington, D.C., on November 27, 1979, to the Duluth Seaway Port Authority under provisions of Public Law No. 397, 73 rd Congress, approved June 18, 1934, as amended. The rules, regulations and rates of this Zone Schedule shall apply at Foreign-Trade Zone No. 51 and its subzones unless otherwise provided for. The Zone Administrator is authorized to compile, publish, post and file revisions and amendments to this Zone Schedule.
105	Operation of Zone to be Fair and Equitable	All rates and charges for all services and privileges within the zone shall be fair and reasonable, and the Grantee and Operator(s) shall afford to all who may apply for the use of the zone and its facilities and appurtenances uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments. (19 USC § 81n).
110	Zone Services Subject to Physical Limitations	All Zone services and facilities shall be administered fairly and reasonably as stated above in Item No. 105. In addition, the availability of all said services and facilities with an operator that offers services to the public is subject to the physical limitations of Foreign-Trade Zone No. 51, with said services and facilities available on a first come, first served basis.
115	Foreign-Trade Zones Board General Regulations	Foreign-Trade Zone No. 51 is regulated by the Foreign-Trade Zones Board, Washington, D. C., under U.S. Code of Federal Regulations, Title 15, Chapter IV, Part 400. Copies of these regulations are maintained at the Foreign-Trade Zone No. 51 office for reference. All FTZ Users shall be knowledgeable about the regulations and abide by the provisions therein as a condition of participation in the Foreign-Trade Zones program at Zone No. 51.
120	Foreign-Trade Zones Act	The authority and jurisdiction of the Board is derived from The Act as amended and codified at Chapter 1A, Title 19, United States Code (19 USC 81a - 81u). All FTZ Users shall be knowledgeable about the Act and abide by the provisions therein as a condition of participation in

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SECTION I – APPLICATION OF RATES, RULES AND REGULATIONS

ITEM NO.	SUBJECT	DESCRIPTION
		the Foreign-Trade Zones program at Zone No. 51.
125	United States Customs & Border Protection Regulations	<p>Foreign-Trade Zone No. 51 is subject to special CBP Regulations as defined in U.S. Code of Federal Regulations, Title 19, Customs Duties, Chapter 1, U.S. Customs & Border Protection, Part 146 - Foreign-Trade Zones. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 51 for reference.</p> <p>All FTZ Users shall be knowledgeable about the regulations and abide by the provisions therein as a condition of participation in the Foreign-Trade Zones program at Zone No. 51.</p>
130	Application and Interpretation of Zone Schedule	<p>The rates, rules, and regulations of this Zone Schedule shall apply to Foreign-Trade Zone No. 51 and its subzones unless otherwise provided for.</p> <p>The Foreign-Trade Zone Operator of FTZ No. 51 shall interpret and determine the applicability of any of the rates, rules, regulations, or services provided in this Zone Schedule. However, any matter involving interpretation or action by U.S. Customs & Border Protection or other agency of the U.S. Government will be determined by the Port Director of CBP or his/her duly appointed representative.</p> <p>One (1) copy of this Zone Schedule will be provided to each user. Updates will be provided as revisions occur. The Grantee's Operator/User Agreement and this Zone Schedule represent the agreement between the Grantee and Operator/User.</p> <p>Acceptance of this Zone Schedule, with the following use of the zone, constitutes agreement to the terms and conditions as set forth in this Zone Schedule.</p>
135	Zone Schedule in Compliance with Foreign-Trade Zones Board	<p>Foreign-Trade Zone No. 51 Zone Schedule No. 3 is issued in compliance with Foreign-Trade Zones Board guidelines.</p>

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SECTION I – APPLICATION OF RATES, RULES AND REGULATIONS

ITEM NO.	SUBJECT	DESCRIPTION
140	Operations, Forms, and Procedures - General	<p>The merchandise and operations permitted in a Zone, the disposition of merchandise in a Zone, the Zone status of the merchandise and special provisions applicable to each status, the subsequent importation of merchandise removed from a Zone, and other operations in a Zone authorized by the Act, are generally described herein. The CBP Forms required for such activities are available upon request from the Operator(s) or from the U.S. Customs and Border Protection website: http://www.cbp.gov/xp/cgov/toolbox/forms/.</p> <p>As a condition of activation, Users must have a procedures manual in place outlining their specific operations and method for receiving, handling and transferring merchandise. Users should also obtain a copy of the U.S. Customs and Border Protection FTZ Manual and other relevant information available from the CBP Internet website at https://www.cbp.gov/document/guides/foreign-trade-zones-manual.</p>

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ZONE SCHEDULE NO. 3**

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SECTION II – OPERATION OF ZONE

ITEM NO.	SUBJECT	DESCRIPTION
200	Merchandise Permitted in a Zone	<p>Foreign and domestic merchandise of every description, except as prohibited by law, may without being subject to the CBP laws of the United States, except as otherwise provided in the Act and the regulations made thereunder, be brought into a Zone.</p> <p>(a) Merchandise prohibited by law, which is found within a zone shall be disposed of in the manner provided for in laws and regulations applicable to such merchandise. A distinction is made between:</p> <ol style="list-style-type: none"> (1) Merchandise that is specifically and absolutely prohibited by law (2) Merchandise that is subject to conditional prohibition only, for protection of economic or national security or which may be reconditioned to bring them into compliance with the laws administered by various Federal agencies. <p>The Port Director of CBP is required to exclude the first class of articles, except that the Port Director of CBP may permit the temporary deposit of any such merchandise in the zone pending final determination of its status.</p> <p>The transfer of articles of the second class to a zone is subject to any requirements of the Federal agency concerned.</p> <p><i>Merchandise Subject to Quota:</i> There is no prohibition against placing over-quota merchandise in a zone pending its right to transfer to the Customs territory pursuant to the applicable quota provisions.</p> <p>(b) The application for the admission of merchandise into a zone shall be approved or disapproved by the Port Director of CBP as the representative of the Board, where the merchandise is not excluded by any other Federal agency having jurisdiction over the merchandise.</p>

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SECTION II – OPERATION OF ZONE

ITEM NO.	SUBJECT	DESCRIPTION
201	Prohibited Merchandise	Prohibited merchandise is that as defined by the Foreign-Trade Zones Board and/or U.S. Customs and Border Protection.
205	Disposition of Merchandise in the Zone	In general, merchandise lawfully brought into a zone may, in accordance with this Zone Schedule and the Act, be exported, destroyed or sent into Customs territory of the United States, in the original package or otherwise; but when foreign merchandise, or domestic merchandise whose identity has been lost, is sent into Customs territory of the United States, it shall be subject to the laws and regulations of the United States affecting imported merchandise.
210	Manipulation, Manufacture and Exhibition of Merchandise	<p>In general, merchandise lawfully brought into a zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated, or be manufactured except as otherwise provided by the Act.</p> <p>(a) Permission for any manipulation or exhibition in a zone shall be obtained from the Port Director of CBP, as the representative of the Board, subject to such application and procedure prescribed by the Secretary of the Treasury for the protection of the revenue.</p> <p>(b) In the event of the denial of any application by the Port Director of CBP for any reason, the applicant, the Grantee, or the Operator of the zone may appeal the adverse ruling to the Board. If any revenue protection considerations are involved in such an application, the Board shall be guided by the determinations of the Secretary of the Treasury with respect to them.</p> <p>(c) Permission for any manufacturing in the Zone shall be obtained from the Board.</p>
215	Status of Merchandise in a Zone	<p>(a) For the purpose of the Act and the regulations of this Section, all merchandise within a zone, except merchandise in transit through a zone as provided in 19 CFR 146.34 of CBP Regulations, and except merchandise temporarily transferred to a zone for manipulation as provided in paragraph (b) of this</p>

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SECTION II – OPERATION OF ZONE

ITEM NO.	SUBJECT	DESCRIPTION
		<p>Section, shall be given a Zone Status in accordance with Subpart C of CBP Regulations as:</p> <ul style="list-style-type: none"> (1) PF - Privileged Foreign Merchandise (2) NPF - Non-Privileged Foreign Merchandise (3) D - Domestic Merchandise (4) ZR - Zone-Restricted Merchandise <p>(b) Imported merchandise which has been entered and which has remained in continuous CBP custody may be temporarily transferred to a zone for manipulation under CBP supervision pursuant to Section 562, Tariff Act of 1930, as amended, and for return to the Customs territory. Any such merchandise shall not be considered within the purview of the Foreign-Trade Zones Act, but shall be treated in all respects as though remaining in the Customs territory. Therefore, no zone form or procedure shall be considered applicable, but the merchandise shall remain subject in the zone to such requirements as are necessary for the enforcement of Section 562 and other pertinent CBP laws.</p>
220	Use of Zone Facilities	<p>Zone facilities will be used for the sole purposes of receipt, storage, handling, exhibition, manipulation, manufacturing and related processing and shipment of foreign merchandise, and domestic merchandise as considered necessary to the conduct of a User's normal business in conjunction with the foreign merchandise. Users shall not use or permit the Zone to be used for any other purpose without the prior written consent of the Zone Administrator. Users shall not do or permit anything to be done in or about the Zone which will in any way obstruct or interfere with the rights of other Users or occupants of the Zone or injure or annoy them.</p>
225	Use of Zone by Carriers	<p>The docking facilities, and loading or unloading stations of a zone are intended primarily for the use of vehicles for unloading merchandise from the zone, and their use for other purposes may be terminated by the Secretary of the Treasury if found to endanger the revenue or security, or by the Board if found to interfere with the primary uses of the zone.</p>

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SECTION II – OPERATION OF ZONE

ITEM NO.	SUBJECT	DESCRIPTION
230	Subsequent Importation of Zone Merchandise	Articles produced or manufactured in a zone and exported therefrom shall, on subsequent importation into the Customs territory of the United States, be subject to the import laws applicable to like articles manufactured in a foreign country, except that articles produced or manufactured in a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the Second Proviso of Section 3 of the Act, as amended, may, on such importation, be entered as American goods returned.
235	Exclusion from Zone of Goods or Process of Treatment	The Board may order the exclusion from the zone of any goods or process of treatment that in its judgment is detrimental to the public interest, health or safety.
240	Retail Trade within Zone	No retail trade shall be conducted within a zone except under permits issued by the Grantee and approved by the Board. Permits which are sent to the Board for approval shall be accompanied by a sworn statement, subscribed to by the applicant before a duly authorized officer to administer oaths setting forth in detail the nature of the retail trade to be conducted, and containing an agreement that such applicant will sell no goods except of the kinds specifically authorized by the Act, which are brought into the Zone from Customs territory. If the permittee violates any provisions of the regulations in this section, his permit shall be revoked by the Grantee, who shall immediately report such action to the Board.
245	Residence within Zone	No person shall be allowed to reside within a zone except Federal, State or municipal officers or agents whose resident presence is deemed necessary by the Board.
250	Payment of CBP Officers and Employees	<p>If any U.S. Customs and Border Protection charges are incurred, they shall be billed to the appropriate party requesting the service.</p> <p>The Operator will bill all Customs and Border Protection charges for work performed on a User's behalf to said User at actual cost plus fifteen percent (15%) to cover administrative handling costs.</p> <p>If any Customs and Border Protection officers and employees</p>

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SECTION II – OPERATION OF ZONE

ITEM NO.	SUBJECT	DESCRIPTION
		<p>performing services in a Zone at night or on Sunday and holidays, shall receive extra compensation, it is to be computed as and under the conditions prescribed by Customs Regulations.</p> <p>In a Zone, at a port where customary working hours are other than those herein mentioned, the Port Director of U.S. Customs & Border Protection is authorized to regulate the hours of CBP officers and employees assigned to the zone so as to agree with prevailing working hours in said port. However, nothing herein shall be construed in any manner to affect or alter the length of a working day for CBP officers or employees.</p> <p>Any work requested by the zone User resulting in additional CBP costs, shall be billed by the Operator to the requesting User for reimbursement of costs at actual cost plus up to fifteen percent (15%) to cover administrative handling costs, unless paid for directly by the User.</p>
255	Payment of Charges from other Government Agencies	Charges for services of Government agencies not included in this Zone Schedule should be arranged for and paid for by the User who requires and uses such services.
260	Payment of CBP Penalties or Process	U.S. Customs & Border Protection penalties resulting from inventory discrepancies, operational infractions, or other occurrence for which User is responsible will be paid by the penalized User or by the User that causes the penalty action against the Operator's bond.
265	Inventory Systems	Users of Foreign-Trade Zone No. 51 are responsible for establishing and maintaining an Alternate Inventory Control System acceptable to U.S. Customs and Border Protection and the Grantee for all merchandise in their care, custody, and control. The Operator may allow inventory actions to be conducted by the User or an agent authorized to maintain inventory records and to represent the User in inventory matters.
		<p>The zone inventory system(s) shall be capable of producing accurate</p>

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ITEM NO.	SUBJECT	DESCRIPTION
		and timely reports and documents as required by the Foreign-Trade Zone and U.S. Customs and Border Protection Regulations.
		Inventory methods approved by U.S. Customs & Border Protection are as follows: FIFO (First In First Out), Foreign First, Specific Identification. Other inventory methods will require special <u>prior</u> approval by U.S. Customs & Border Protection.
270	Foreign-Trade Zone Forms	<p>The following forms are available from the U.S. Customs and Border Protection website: http://www.cbp.gov/xp/cgov/toolbox/forms/.</p> <ul style="list-style-type: none">- <u>CBPF 214</u> – Application for Foreign-Trade Zone Admission and/or Status Designation of Merchandise- <u>CBPF 216</u> – Application for Foreign-Trade Zone Activity Permit (Manipulation, Manufacture, Exhibition, or Destruction of Merchandise) <p>The forms above may also be generated from some of the zone inventory systems.</p> <p>In addition, the following FTZ forms may be obtained from the Operator for zone facilities with an operator that offers services to the public:</p> <ul style="list-style-type: none">- <u>Tally-In Form</u> – Record of Merchandise Received and Unloaded in the Zone- <u>Tally-Out Form</u> – Record of Merchandise Loaded and Shipped from the Zone- <u>Inventory Control Forms</u> – Form(s) of variable design acceptable to U.S. Customs and Border Protection and the Operator in order to record the receipt, permitting, shipment and inventory balance of merchandise.

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SECTION III – GENERAL RULES AND REGULATIONS

ITEM NO.	SUBJECT	DESCRIPTION
300	Zone Regulations	The following rules governing procedures within Foreign-Trade Zone No. 51 are issued in conformity with and supplementary to the Foreign-Trade Zones Board's Regulations and such of the United States Laws and Regulations relating to the Port of Entry as are applicable to foreign-trade zone operations.
305	General Regulations	All persons and merchandise of every description entering or leaving FTZ No. 51 for any purpose whatsoever shall be bound by the regulations of the Foreign-Trade Zones Board and by the relevant regulations issued by U.S. Customs & Border Protection.
310	Government Agencies	All regulations issued by government agencies affecting ports of entry must be complied with insofar as they are not in conflict with the FTZ Act and governmental regulations issued thereunder.
312	Reports to Governmental Agencies	The Grantee is required to submit periodic reports to the Foreign-Trade Zones Board and U.S. Customs and Border Protection, and perform other acts in compliance with governmental regulations. Users are required to and shall cooperate with the Grantee in the creation and maintenance of procedures, systems, regulations or programs, and provide information and statistics which the Grantee considers necessary to ensure compliance with governmental requirements.
315	Governmental Licenses	Users are responsible to obtain, maintain and keep current any and all licenses, permits, certificates or other authorizations required by any Federal, State, or Local government that are or may be necessary in the conduct of business in or from the Zone.
320	Insurance	Insurance is carried by Grantee on its own property only and does not include insurance on the contents stored therein. Users shall not do or permit anything to be done in or about the Zone, nor place materials within the zone which will increase the effect any fire or other insurance upon the building or its contents, or cause the cancellation or forfeiture of the insurance or affect the premium rate thereof on the building or buildings. Insurance on commodities or other property including merchandise stored on the premises, if desired by User must be carried by and at the

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SECTION III – GENERAL RULES AND REGULATIONS

ITEM NO.	SUBJECT	DESCRIPTION
		expense of User or owner of the commodities or other properties. The Zone Schedule rates do not include insurance.
321	Compensation Insurance	Every person employed in the zone shall be properly covered by Workmen's Compensation Insurance. Proof of this shall be furnished before any work may be started.
322	Business Insurance	All persons or firms conducting business on or in connection with the facilities of FTZ No. 51 shall keep in full force the necessary insurance as spelled out by the Operator or User Agreement. A copy of the policy or policies of insurance or certificate or certificates of insurance shall be delivered to the Grantee and shall contain a clause that the insurer will not cancel or change the insurance without first giving the Grantee thirty (30) days prior written notice.
323	Public Liability Insurance	All Magnet Site Zone Users shall at their own cost and expense, carry the standard form of public liability and property damage insurance with responsible companies subject to approval by the Operator, for personal injury and for property damage and including such other coverage specified for the protection against injuries, costs, persons or property by reason of the use or misuse of the premises and shall, within ten (10) days of the date of execution of any License Agreement and/or prior to delivery of any material to the zone site, deliver to the Operator: Certificates of Insurance issued by insurance companies evidencing coverage and evidencing that insurance is cancelable only after thirty (30) days written notice to the Operator. The insurance companies are subject to approval by the Operator, kept in force by the User. All Certificates of Insurance must add as additional insured the Operator and Grantee.
325	Public Interest, Health and Safety	No merchandise, operation, or process of treatment will be permitted in the zone that, in the judgment of the Grantee is

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FOREIGN-TRADE ZONE NO. 51
ZONE SCHEDULE NO. 3

Cancels: _____

SECTION III – GENERAL RULES AND REGULATIONS

ITEM NO.	SUBJECT	DESCRIPTION
		detrimental to the public interest, health and safety.
330	Confidential Relationship Between Zone and Users	Grantee, if requested in writing and its employees will take precaution to avoid the divulging of confidential information regarding merchandise and services thereon performed in the zone. Any zone employee violating this confidential relationship will be suitably disciplined or discharged.
335	Admittance to the Zone	Persons desiring admittance to the zone shall sign in to the visitor's log and obtain a visitor's identification badge.
340	Employees and Persons Entering and Leaving Zone	Employees and other persons entering or leaving the zone shall pass through the designated entrances to the zone. Employees and other persons shall be subject to such examination upon entering and leaving a zone as the Operator may deem necessary for the protection of the revenue and security of the zone. In general, in addition to specific Foreign-Trade Zones Board and U.S. Customs & Border Protection Regulations, the recommendations contained in the <i>Physical Security Guidelines for CBP Bonded Facilities</i> prepared by CBP, will be followed where practical.
		<p>(a) <u>All Persons Entering Zone Bound by Regulations:</u> All persons entering the zone for any reason whatsoever shall be bound by the regulations promulgated by the Board, CBP, and by the Operator of the zone.</p> <p>(b) <u>Identification of Employees within Zone:</u> Each employee within the zone shall be required, while within the zone, to wear appropriate identification badges to be provided by the Operator of the zone. If employees are unable to wear an identification badges for safety reasons, then the identification badges should be displayed upon request. Employers shall provide lists and have employees obtain permanent badges from Operator.</p> <p>(c) <u>Identification of Visitors and Non-Employee Personnel within Zone:</u> All persons/visitors having business within the zone shall use</p>

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ITEM NO.	SUBJECT	DESCRIPTION
		designated entrances and obtain a Visitor’s Badge from the Operator. It shall be worn at all times. Upon departure from the zone, persons/visitors shall return the Badge and stop at the designated area of the Operator to sign out.
		(d) <u>Vehicle Control:</u> All vehicles entering or leaving the Zone shall pass through designated entrances of the Zone. The vehicle and driver, and all contents of the vehicle shall be subject to such examination when entering, leaving, or while within the Zone as the Operator may deem necessary for the protection of the revenue and security of the Zone. The Operator(s) provides automobile parking outside the Zone security area for Users and their customers.
345	Payment of Charges	Zone charges are due and payable when invoice is rendered. Zone charges are rendered one month in advance.
350	Merchandise Held for Charges	For zone facilities with an operator that offers services to the public, the Operator reserves the right to withhold permission to withdraw merchandise from the Zone for Users with unpaid Zone charges.
355	Enforcement of Charges	For the purpose of enforcing payment of charges named in this Zone Schedule on merchandise handled, stored, or manipulated in the zone facilities that offer services to the public, the zone may take possession of such merchandise, and may remove and store same at the risk and expense of the owner or consignee thereof, and/or may sell the goods by public auction, and/or such other remedies as may be provided by law.
360	Service Charges	An additional service fee set forth in the User Agreement will be charged for a check returned due to "insufficient funds" in an account, or returned for other reasons. A fee set forth in the User Agreement will be charged monthly on all invoices at 30 days age from the date of invoice issuance. No pro-ration will be made. The Operator reserves the right to apply

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ITEM NO.	SUBJECT	DESCRIPTION
		any payment received to the oldest outstanding invoices.
365	Charges for Special CBP Officer Services	<p>CBP Officer services rendered during National Holidays, Saturdays, and Sundays or during overtime hours at the specific request of the Zone User, for such purpose, will be charged to users of such services at the cost billed to Operator by CBP plus fifteen percent (15%) for administrative handling costs.</p> <p>For zone facilities with an operator that offers services to the public, users of Zone facilities requiring special or additional services not being regularly furnished to all Users of Zone must request same in writing to Operator, who, shall clear the possibility of furnishing such services with CBP with cost thereof for account of User. If service is established, it will be made available under similar circumstances to all Users on the same basis.</p> <p>Users whose operations require the assignment of additional CBP personnel shall coordinate, in advance, with the Operator for such services.</p> <p>The cost of CBP personnel for CBP services at special purpose Subzones shall be subject to prior arrangement of direct cost between CBP and the special purpose Subzone.</p>
370	Payment for Services Provided by Zone Contractors	In the event that any work is required and performed for a Zone User, by contractors employed by the Zone, such work will be billed by the Operator to the requesting User on a cost plus fifteen percent (15%) basis. <u>Special situation charges may be subject to negotiation.</u>
375	First of Month Balance System	<p>For zone facilities with an operator that offers services to the public, all goods are stored on a month-to-month basis, unless otherwise provided. Storage rates shall be charged in accordance with the following:</p> <p>(a) On shipments in storage on the 1st or arriving on the 1st to and including the 15th day of the month, apply monthly storage</p>

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ITEM NO.	SUBJECT	DESCRIPTION
		rate.
		(b) On shipments arriving on the 16 th to and including the last day of the month, except as providing in sub-paragraph (c), apply one-half of the monthly storage rate.
380	Charges, Rates, Rules, and Regulations Applicable at FTZ #51 and its Subzones	<p>The Grantee, Operators, and all persons and entities doing business within a Zone site or Subzone established by the Grantee must comply with the provisions of the Foreign-Trade Zones Act, as amended; with the effective rules, regulations, and procedures of the Foreign-Trade Zones Board; with such of the laws and regulations of the United States, the States, or the subdivisions and agencies thereof as may be applicable to operators, occupants, their employees and invitees, and users; and with such of the provisions of this Zone Schedule and subsequent issues and modifications thereof as may be applicable to the operations conducted in the zone.</p> <p>All persons and entities who request the Grantee to apply for authority to establish a Subzone site must first enter into an agreement with the Grantee governing proposed zone operations. This agreement will contain provisions including, but not limited to, those relating to costs incidental to the preparation of the application and any subsequent amendment or modification thereof; costs incidental to public hearings and legal proceedings; charges for providing required CBP services; and charges for Grantee’s special services not provided in this Zone Schedule. An example of such services includes, but is not limited to, consultant services such as feasibility studies; cost/savings analysis; development of standard operating procedures; compliance reviews; assistance in preparation of necessary compliance reports; and development of inventory control/recordkeeping systems. The cost for these services will be provided in a written proposal. Applicants for the establishment of a zone site will bear application costs and charges of preparing and filing of an application by the Grantee whether or not the application is favorably acted upon by the Foreign-Trade Zones Board.</p>

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ITEM NO.	SUBJECT	DESCRIPTION
		<p>All persons and/or entities who request that the Grantee apply for authority to establish a zone site are responsible for obtaining any necessary zoning, permit or consent for such zone site from the local authorities having jurisdiction in the area in which the proposed zone site is to be located.</p> <p>The Grantee will apply the rates and charges set forth in this Zone Schedule and applicable to the zone operation uniformly to all zone occupants or users under like circumstances. Where such rates and charges are not applicable to a zone operation, it is intended that the provisions of the agreement between the Grantee and the zone user will govern.</p> <p>Contingencies not covered by this Zone Schedule or by separate agreements will be subject to agreements amending or supplementing the primary agreement. Amended or supplementary agreements, as well as practices that may develop and be permitted in zone operations will be also uniformly applied to subsequent applicants under identical circumstances for identical services.</p>
385	Indemnification	<p>Each User shall indemnify and save harmless the Grantee and Operator from and against any and all loss, cost (including attorney's fees), damages, expense and liability (including statutory liability and liability under Worker's Compensation Laws) in connection with claims for damages as a result of injury or death of any person or persons, or property damages to any property sustained by user and/or all other persons which arise from the use, any act or neglect on or about the zone by User, User's partners, agents, employees, customers, invitees, contractors, and subcontractors.</p>
387	Indemnity Bond	<p>For zone facilities with an operator that offers services to the public, users shall be required upon notice by the Operator to post an indemnity bond executed on a form and by a U.S. surety acceptable to the Operator, or other security payable to the Operator as a guarantee of payment of Customs duty or taxes or other obligations of or to the Operator under the following circumstances:</p>

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		<ul style="list-style-type: none"> (a) User does not have a sufficient beneficial interest in inventoried merchandise to pay the estimated duty/taxes. (b) User accepts merchandise of unusually high duty/tax liability. (c) Value of User merchandise is insufficient to compensate U.S. Customs and Border Protection for possible duty/tax obligations payable on merchandise inventory shortages and/or financial obligations to the Operator(s). (d) A significant increase in duty/tax liability due to changes in CBP Regulations, foreign currency valuations, etc. (e) Other situations which require appropriate security to protect past, present or future obligations or liabilities of the Grantee.
390	Inspection	The Grantee may inspect the assigned area or Subzone at any and all reasonable times to ascertain whether or not the covenants or conditions related to its proper use are being observed.
395	Responsibility for Duty and Taxes	Users of the Zone are responsible and liable for payment of any duties, taxes or penalties due any agency of the Federal, State, or Local government arising from use of the Zone, including liabilities on merchandise which is not accounted for to the satisfaction of U.S. Customs and Border Protection. For zone facilities with an operator that offers services to the public, any sums due the Operator under the provisions of this paragraph shall constitute a lien against the interest of the User in the Zone and all its property situated in the Zone to the same extent and on the same condition as delinquent rent would constitute a lien on such premises and property.

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SECTION IV – SPECIAL RULES PERTAINING TO MERCHANDISE

ITEM NO.	SUBJECT	DESCRIPTION
400	Zone Accommodations	<p>Before merchandise may be admitted into the zone, a CBPF 214 - Application for FTZ Admission, must be completed by the User or User's agent, filed and approved by the Operator and the authorized CBP personnel. The Application shall describe the merchandise fully, in terms of the Harmonized Tariff Schedule of the United States Annotated and be accompanied by all supporting documents as required by the CBPF 214.</p> <p>Users that have received CBP authority to receive merchandise under Direct Delivery procedures may receive the merchandise at the zone before filing the CBPF 214. The CBPF 214 must be submitted pursuant to the rules and regulations governing Direct Delivery procedures.</p>
403	Special Security	<p>For zone facilities with an operator that offers services to the public, the Operator will assist in making special security arrangements for the receipt, handling, and protection of high value merchandise which will remain in the Zone for a short period of time. Costs of personnel overtime, additional security guards, special security devices and other precautions will be charged to the User. The Operator assumes no liability for loss of or damage to this merchandise and maintains no insurance on this merchandise.</p>
405	Permission to Manipulate, Manufacture, or Process	<p>Before merchandise may be manipulated within the zone a CBPF 216 must be presented to U.S. Customs and Border Protection by the Operator for concurrence. Upon approval by the Port Director or his/her authorized representative the contemplated manipulation will then be permitted for the appropriate activity. FTZ production activity also requires prior approval from the Foreign-Trade Zones Board.</p>
410	Tender for Acceptance	<p>All merchandise for zone acceptance and admission shall be delivered at designated points properly marked and packed and accompanied or preceded by the necessary documents for preserving the identity of such merchandise.</p>
415	Clearing Merchandise	<p>Land carriers and other occupants of the zone, both incoming and</p>

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ITEM NO.	SUBJECT	DESCRIPTION
	and Traffic	outgoing must obtain clearance through the Operator.
420	Liability	The Grantee and Operator are not responsible for loss or damage of merchandise stored or handled through the zone. All merchandise including perishable merchandise, or merchandise which is susceptible to damage through temperature changes or other causes incidental to general storage, are accepted in general storage only at the risk of the Person of Record for such damage as might result from general storage conditions.
425	Non-Liability	<p>The Grantee and Operator are not liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise or other property within the zone, or for any loss or damage arising from acts of commission or omission of Users, or users of adjacent or contiguous compartments or of other portions in or about the zone, nor for the breakdown of cranes or power service, nor for loss or damage occasioned by plumbing, electric wires, automatic fire apparatus, nor for any loss or damage from any cause whatsoever.</p> <p>Users, through their use of the zone, agree that Grantee nor Operator shall neither be responsible nor liable for any claims for damages or injury (including death) caused by or arising from:</p> <ol style="list-style-type: none"> 1. Acts of negligence of Users upon or within the Zone 2. The Users of adjacent or contiguous premises 3. The breakdown of cranes or power service 4. Plumbing, electrical wires, automatic fire or sprinkler apparatus or any facilities upon or about the zone or other premises of the Grantee and/or Operator 5. Water being upon or coming through the roof, skylights, trap doors, floors, doors or plumbing. 6. Accidents on tracks, roadways or elsewhere upon or within Grantee's and/or Operator's property <p>The Grantee and/or Operator will not be responsible except if caused by gross negligence of Grantee or Operator.</p>

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ITEM NO.	SUBJECT	DESCRIPTION
		<p>In performing the service of checking, the zone will accept no responsibility for concealed damage nor for the condition of contents of packages, cases, or other containers, whether or not receipts issued so state.</p> <p>The Grantee and/or Operator will not be responsible for any loss or damage arising from or occasioned by any misunderstanding of orders or instructions received or taken by telephone from the Zone User to the Operator.</p> <p>The Grantee and/or Operator will not be liable to respond in damages or make indemnity or compensation of any character from any source other than the income and revenues arising from the operation of the property by FTZ No. 51 by reasons of, or due to, or caused by the operation of FTZ No. 51. The members of FTZ No. 51, either singularly or collectively, shall not be personally liable to anyone by reason of, or due to, or caused by the management of the FTZ No. 51.</p> <p>As a condition precedent to recover, claims for loss or damage must be made in writing within thirty (30) days after the merchandise is delivered from the zone, or, in the case of failure to make delivery, then within thirty (30) days after delivery of the last package of the lot in Grantee's and/or Operator's apparent possession.</p>
430	Improper Packing	Merchandise not suitably packed for ordinary handling, may, at the discretion of the zone, be rejected or repacked at the expense of the shipper, consignee, or their agent.
435	Customs Bond	Each Operator must maintain, for CBP purposes, a Customs Bond as a guarantee for the payment of all duties and taxes on such merchandise as may be removed from the zone with or without a proper CBP permit or otherwise missing from the zone.
440	CBP Permit	Merchandise will not be delivered to or through the Customs territory unless a CBP permit accompanies the delivery order.

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ITEM NO.	SUBJECT	DESCRIPTION
445	Hazardous Commodities	<p>The zone will not be required to accept for storage any commodity that will affect the rate of insurance on other merchandise in storage. All commodities moving in or out of the zone must comply with applicable local, state, and federal laws.</p> <p>Where reference is made hereto, by any rate item, the product will not be stored except in locations or areas that are not restricted in the acceptance of any commodity for storage under the issuance of rate established on contents stored therein.</p>
450	Marking	All merchandise handled in the zone, before entry to the Customs territory, must be marked in accordance with Customs regulations as to the country of origin and in accordance with all other government regulations and no merchandise which carries any false or misleading label or mark will be permitted to leave the zone for any purpose. When repacked or labeled in the zone the goods should, when possible, be marked to indicate the fact.
455	Trucking and Lighterage	Transfer of foreign merchandise between the Customs territory and the zone must be made by CBP bonded trucks or other carriers and subject to CBP regulations. Likewise, transfers of non-privileged foreign merchandise to or through the Customs territory must be made by CBP bonded trucks or other carriers and subject to CBP regulations and any other applicable Federal or State Agency Regulations.
460	CBP Inspection of Merchandise in Zone	The consignee or User, or its agent, shall at all times be immediately available to make merchandise subject to inspection required by U.S. Customs & Border Protection and shall have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection.
470	Failure to Remove Empty Cargo Shipping Containers	For zone facilities with an operator that offers services to the public, empty cargo shipping containers are to be removed from the zone within four (4) working hours of unstuffing to avoid penalty charges. <p>It is the responsibility of the owner of record of the merchandise</p>

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ITEM NO.	SUBJECT	DESCRIPTION
		or his duly authorized agent to notify the trucker as soon as unstuffing has been completed. As FTZ space is activated, each Operator will execute separate agreements with the Grantee and will provide rates and charges for services. Rates and charges will be provided in subsequent revisions to this Zone Schedule.
475	Removal of Trash and Garbage	<p>Manipulators of merchandise within the zone shall not be allowed to accumulate trash or garbage.</p> <p>For zone facilities with an operator that offers services to the public, the Operator will, without notice, arrange for services for removal of trash from the zone facilities at actual trucking cost which shall be billed upon the cargo or merchandise originating such trash or garbage. In addition, if clearing or floor sweeping is required, such service shall be billed upon the basis of cost plus as elsewhere provided for in this Zone Schedule.</p>
480	Overnight Parking	<p>For zone facilities with an operator that offers services to the public, no passenger vehicles other than those used by FTZ No. 51 or U.S. Customs & Border Protection personnel will be allowed to park overnight within the zone boundaries. Passenger vehicles for employees of Zone Users will be allowed to park in designated parking areas only during the scheduled work hours. Truckers who do not complete unloading or loading of merchandise in the zone at the close of business hours and indicate a desire to complete unloading or loading the following day may upon the discretion and approval of the Operator, park containers or trailers in the zone overnight. Such parking shall be in a safe location in the zone as determined by the Operator. The zone assumes no liability for loss of damage to equipment or contents during such parking periods.</p>
485	Trailer/Container Storage	<p>Cargo laden containers or trailers may be parked within the Zone for purposes of bonded storage. Trailers/containers must be parked in an area designated for this purpose by the Operator.</p> <p>All containers/trailers must be sealed by CBP and will also be sealed by the Operator before entry into the Zone will be allowed.</p>

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ITEM NO.	SUBJECT	DESCRIPTION
490	Merchandise Transiting Zone	<p>For zone facilities with an operator that offers services to the public, a charge will be made to offset the cost of seals provided by the Operator.</p> <p>Container/trailers, cargo laden, entering the zone for purposes of temporary storage only will be subject to the charges specified in Exhibit B.</p> <p>Merchandise transiting the Zone under the provisions of 19 CFR 146.34 must leave the Zone within five (5) working days after arrival. Working days do not include Saturday, Sunday or holidays listed in Zone Schedule Item 270. Items remaining in the Zone beyond five (5) working days will be entered into the Zone as merchandise under supervision of U.S. Customs and Border Protection unless an extension is authorized by the Port Director of CBP.</p>

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SECTION V – MISCELLANEOUS SERVICES

ITEM NO.	SUBJECT	CODE	DESCRIPTION
500	Miscellaneous Services		As FTZ sites are activated, each Public Operator will execute separate agreements with the Grantee and will provide rates and charges for miscellaneous services. Zone-specific rates and charges will be provided in subsequent revisions to this Zone Schedule.
510	Public Warehouse Operations		The Operator operates a public warehouse wherein merchandise may be received, stored, weighed, inspected, shipped, etc. These services may be performed in the Zone by the Operator or, with permission of the Operator, by the Users' employees or agents.

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SECTION VI – LEASED SPACE

ITEM NO.	SUBJECT	CODE	DESCRIPTION
600	Warehouse Rates		<p>See Exhibit B for Operator's Rates.</p> <p>All rates and charges for services shall be fair and reasonable. The Operator shall afford to all Users uniform treatment under like conditions.</p>
605	Minimum Terms		<p>Zone Users may use land for a term of not less than one (1) month. Rates will be negotiated considering the term, the location, configuration, condition, facilities and intended use of the property, and other factors including reimbursement of Operator for costs of staff administration and U.S. Customs and Border Protection supervision of operations.</p>
610	Special Alterations		<p>User will be responsible for the cost of any special alterations for the installation of machinery and equipment, partitioning and related construction required for their operations.</p>
620	Additional Expenses		<p>Additional expenses or costs incurred to secure an area for high-value items or for safety reasons as determined by the Operator will be paid by the User under contract for that space.</p> <p>Any activity creating an additional expenses pertaining only to an individual User will be billed, in its entirety, to that User creating the expense plus fifteen percent (15%) for administrative handling.</p>
625	Erection of Buildings within Zone		<p>The Grantee may, under reasonable and uniform regulations for like conditions and circumstances to be prescribed by it, permit other persons, firms, corporations, or associations to erect such buildings and other structures within the zone as will meet their particular requirements.</p> <p>(a) Provided that such permission shall not constitute a vested right as against the United States, nor interfere with the regulation of the Grantee or the</p>

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SECTION VI – LEASED SPACE

ITEM NO.	SUBJECT	CODE	DESCRIPTION
			permittee by the United States, nor interfere with or complicate the revocation of the grant by the United States;
			(b) Provided that in the event of the United States or the Grantee desiring to acquire the property of the permittee, no good will shall be considered as accruing from the privilege granted to the zone;
			(c) Provided that such permits shall not be granted on terms that conflict with the public use of the zone as set forth in the Act. And provided further, that accepted sanitary practices be followed in the construction, equipment and operation of such buildings or other structures; and
			(d) Prior to commencing any significant new construction, alteration, additions or modifications to present facilities in the zone, which may impact areas activated by CBP, the overall zone security or the granted scope of authority, Operator shall notify the Grantee; FTZ Board approval may be required before commencing such construction activities in the zone.

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SECTION VII – ZONE FEES

ITEM NO.	SUBJECT	CODE	DESCRIPTION
700	Annual Zone Fee: Activated Sites or Activated Subzones		<p>The annual zone fee will become due upon execution of the Operator Agreement and each January 1 thereafter. The annual service charge may be prorated to December 31 from the date the Agreement is first executed. Upon sixty (60) days written notice from Grantee to Operator, the annual service charge may be modified.</p> <p>The fee will be charged based on the following:</p> <p>1 - 50 employees..... \$6,000 51-150 employees..... \$8,000 151 to 300 employees..... \$10,000 301 or more employees..... \$15,000</p>
705	Annual Zone Fee: Non-Activated Sites or Non-Activated Subzones		<p>The following annual fees will be charged to the site owners/developers of non-activated sites or subzones to cover Grantee expenses for oversight of the zone project and preparation of site information for the Annual Report to the Board. The fee will become due by January 1 each year. This annual fee will be the responsibility of the property owner, or the developer acting on behalf of the property owner and will be due until all parcels retaining FTZ designation within the FTZ site are activated. For occupied zone parcels, the non-activated Zone Users will be responsible for the fee.</p> <p>As property with FTZ designation is sold or title is conveyed to another entity, the property owner/developer must notify Grantee in writing of the sale, and the purchaser must notify Grantee in writing of its interest in retaining the FTZ designation. Non-activated Zone Users may surrender zone designation with written notification to Grantee. If the purchaser desires to retain the designation, they will become responsible for the annual fee. If no notification is provided to Grantee, the property owner/developer will remain responsible for the fee required from the purchaser, in addition to the fee required from the property owner/developer for its other property in the FTZ site until such time as proper notification is provided to the Grantee.</p> <p>Property owners/developers should include provision in contracts or</p>

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**FOREIGN-TRADE ZONE NO. 51
ZONE SCHEDULE NO. 3**

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SECTION VII – ZONE FEES

ITEM No.	SUBJECT	CODE	DESCRIPTION																																				
			<p>covenants with purchasers to address the responsibility of the fee and requirement for notifying the Grantee. Purchasers and non-activated zone Users must either agree to the Annual Zone Fee for Non-Activated property until the property is activated with U.S. Customs & Border Protection or surrender the FTZ designation on the property.</p> <p>Annual Fee: Non-Activated..... \$2,500 per site</p> <p><u>Upon Activation</u>, the Annual Zone Fee in Item 700 applies:</p> <p>Once a new owner/Zone User activates its portion of the site with U.S. Customs & Border Protection, the annual zone fees in Item 700 will apply; the Operator or User is responsible for the Annual Zone Fee in Item 700.</p>																																				
710	Application, Activation, and Audit Fees		<p>FTZ No. 51 operates under the Alternative Site Designation and Management Framework. The following rates represent the application, activation, and audit fees associated with Grantee’s services for support, documentation, and coordination efforts. These fees are one-time fees per application or service event.</p> <table border="0" style="width: 100%; margin-top: 20px;"> <thead> <tr> <th style="text-align: center;">Service</th> <th colspan="2" style="text-align: center;">FTZ #51 Fee</th> </tr> <tr> <td></td> <th style="text-align: center;">Small/Medium (under 300)</th> <th style="text-align: center;">Large (300 or more)</th> </tr> </thead> <tbody> <tr> <td>Usage-Driven Site: Minor Boundary Modification (per location)</td> <td style="text-align: right;">\$1,000</td> <td style="text-align: right;">\$1,000</td> </tr> <tr> <td>ASF Subzone Site: Minor Boundary Modification (per location)</td> <td style="text-align: right;">\$1,000</td> <td style="text-align: right;">\$1,000</td> </tr> <tr> <td>Magnet Site: Expansion or Application.....</td> <td style="text-align: right;">\$1,000</td> <td style="text-align: right;">\$1,500</td> </tr> <tr> <td>TSF Subzone (outside of ASF service area, per location)</td> <td style="text-align: right;">\$1,000</td> <td style="text-align: right;">\$1,000</td> </tr> <tr> <td>"Sunset" Renewal</td> <td style="text-align: right;">\$1,000</td> <td style="text-align: right;">\$1,000</td> </tr> <tr> <td> </td> <td></td> <td></td> </tr> <tr> <td>Production Notification</td> <td style="text-align: right;">\$1,000</td> <td style="text-align: right;">\$1,500</td> </tr> <tr> <td>Application for Production Authority.....</td> <td style="text-align: right;">\$1,000</td> <td style="text-align: right;">\$1,500</td> </tr> <tr> <td>Activation with CBP</td> <td style="text-align: right;">\$1,000</td> <td style="text-align: right;">\$1,500</td> </tr> <tr> <td>Audit, per day</td> <td style="text-align: right;">\$2,500</td> <td style="text-align: right;">\$2,500</td> </tr> </tbody> </table>	Service	FTZ #51 Fee			Small/Medium (under 300)	Large (300 or more)	Usage-Driven Site: Minor Boundary Modification (per location)	\$1,000	\$1,000	ASF Subzone Site: Minor Boundary Modification (per location)	\$1,000	\$1,000	Magnet Site: Expansion or Application.....	\$1,000	\$1,500	TSF Subzone (outside of ASF service area, per location)	\$1,000	\$1,000	"Sunset" Renewal	\$1,000	\$1,000	 			Production Notification	\$1,000	\$1,500	Application for Production Authority.....	\$1,000	\$1,500	Activation with CBP	\$1,000	\$1,500	Audit, per day	\$2,500	\$2,500
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SECTION VII – ZONE FEES

ITEM No.	SUBJECT	CODE	DESCRIPTION
			Fees above do not cover the actual preparation of applications. Services for the preparation of applications will be contracted directly between the zone applicant/user and its service provider.
715	Rates & Charges - Primary Site/Additional Operator(s)		Contracted Operators of any authorized magnet site(s) shall be charged annual zone fees provided in Items 700 and 705 as appropriate.

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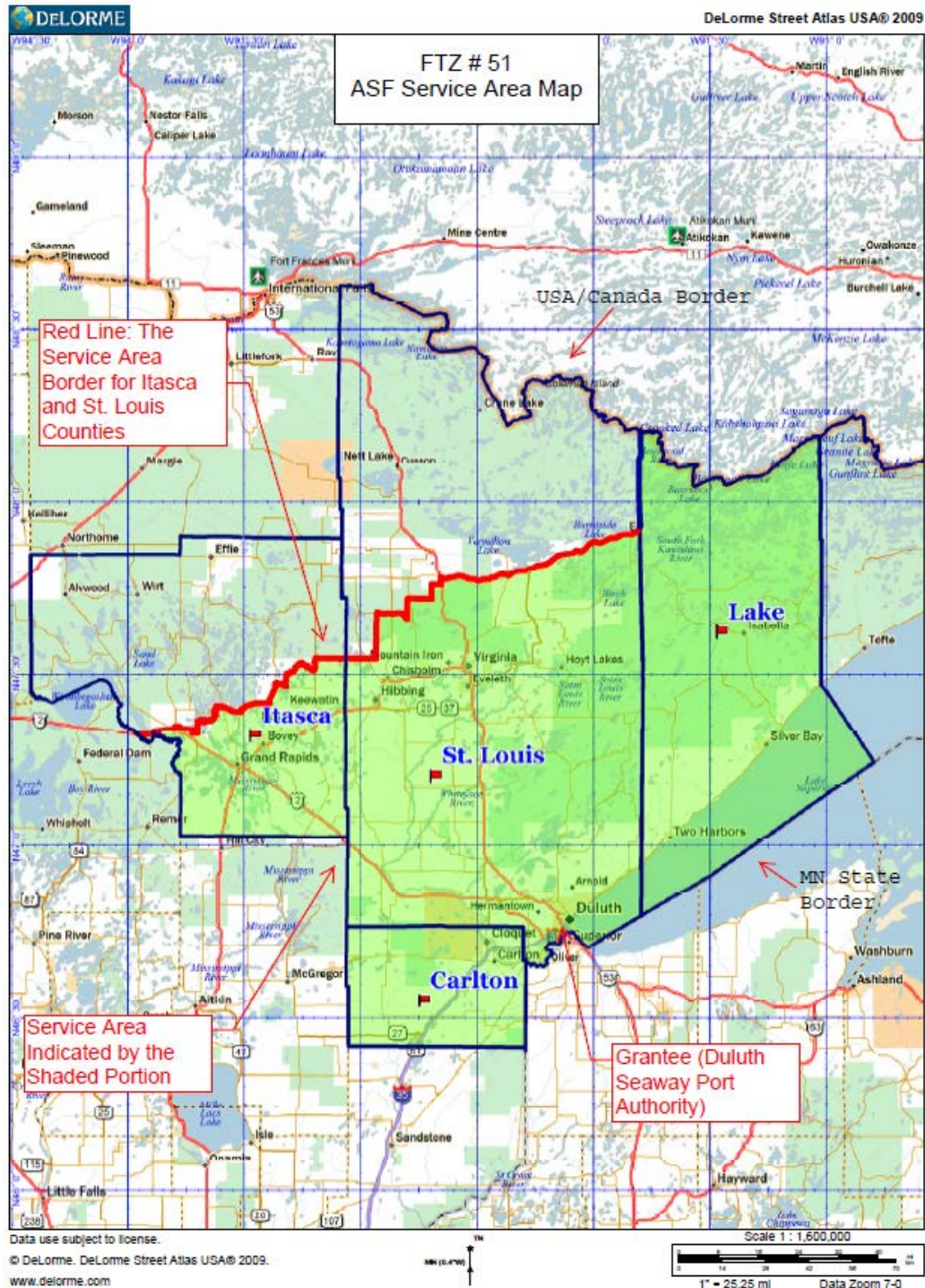
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EXHIBIT A - FTZ NO. 51 ASF MAP



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EXHIBIT B – LAKE SUPERIOR WAREHOUSING CO., INC. - FTZ SERVICES AND RATES

ITEM NO.	SERVICE	CHARGE
B-001	Zone Trailer/Container Storage	Containers/trailers, cargo laden, entering the zone for purposes of temporary storage only will be subject to the following charges: To-ground or on wheels\$1.75 per Freight Ton per month
B-002	Hours of Business and Service; Holidays	Hours of business and service, for Customs purposes, shall be the same as those prescribed in CBP Regulations. The zone shall be available for business activities on a 24-hour basis. Regular or normal business hours shall be between the hours of 8:30 am and 4:30 pm, Monday through Friday, except on holidays. Zone services will generally not be available during the period of 12 Noon to 1:30 p.m. local time. The zone may be opened at other times, on an irregular or regular basis, upon application and with approval of the Zone Manager and CBP officials. The zone office is closed for regular business on the following holidays: New Year's Day1 st Day of January *Washington's/President's Day3 rd Monday of February Memorial DayLast Monday of May Independence Day4 th Day of July Labor Day1 st Monday of September *Columbus Day2 nd Monday of October Thanksgiving Day4 th Thursday of November +Day after Thanksgiving4 th Friday of November Christmas Eve24 th Day of December Christmas Day25 th Day of December +New Years Eve31 st Day of December *Observed by U.S. Customs & Border Protection personnel only. +Observed by FTZ #51 personnel only. If a holiday falls on Saturday, the preceding Friday will be observed; and if a holiday falls on Sunday, the following Monday will be observed.

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EXHIBIT B – LAKE SUPERIOR WAREHOUSING CO., INC. - FTZ SERVICES AND RATES

ITEM NO.	SERVICE	CHARGE
B-003	Admission and Access Fees	For product entering the FTZ, an initial entry fee of \$50.00 would apply per application. Should the User wish to enter the Zone to inspect/document/review the product in storage, a \$75.00 daily access permit would also apply.
B-004	Zone Space Rental Rates	Zone users may rent warehouse space and/or land for a term of ninety (90) days or less. Warehouse rental rates include use of common areas and electricity for normal lighting unless otherwise provided in the User agreement. Unusual use of the utilities will be billed as an additional charge. Rates for the Zone warehouse space shall be the greater of \$0.80 per square foot per month subject to a minimum monthly charge of \$500.00. Land rental rates will be \$3,000 per acre per month, or a portion thereof. For long-term storage, a User Agreement between the Operator and the User will apply. Land rental rates will be negotiated considering the term of the agreement and the location, configuration, condition, facilities and intended use of the property, and other factors including reimbursement of Operator for costs of staff administration and U.S. Customs and Border Protection supervision of operations conducted on the leased land.

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